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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
) CC Docket No. 93-193
1993 Annual Access Tariff Filings)

Rebuttal of Coastal Utilities, Inc., Farmers Telephone Cooperative, Inc., Hargray Telephone Company, Inc., Horry Telephone Cooperative, Inc., Millington Telephone Company, Inc., Mt. Horeb Telephone Company, Pineland Telephone Cooperative, Inc., and Southeast Telephone Company of Wisconsin, Inc.

Coastal Utilities, Inc., Farmers Telephone Cooperative, Inc., Hargray Telephone Company, Inc., Horry Telephone Cooperative, Inc., Millington Telephone Company, Inc., Mt. Horeb Telephone Company, Pineland Telephone Cooperative, Inc., and Southeast Telephone Company of Wisconsin, Inc. (Independents), by their cost consultant, John Staurulakis, Inc.¹ and attorneys, hereby file this response to the indirect challenge on the Independents' respective Traffic Sensitive Tariffs made by AT&T.²

AT&T incorrectly claims that the Independents have improperly elected not to modify their Traffic Sensitive Tariffs to reflect changes in General Support Facilities (GSF) cost allocations

¹ JSI is a cost consulting firm specializing in cost separations services for independent telephone companies. JSI assists its client-companies in the preparation and filing of federal access tariffs. Each of the Independents utilized these services with regard to their respective traffic sensitive access tariffs at issue, which are filed pursuant to the Small Company Tariff rules, 47 C.F.R. Section 61.39.

² See AT&T Opposition to Direct Cases, CC Docket No. 93-193, filed August 24, 1993 (AT&T Opposition).

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implemented as a result of the Commission's May 19, 1993 decision.³ AT&T wrongly concludes that the Independents have "... chosen to ignore the GSF Order....".⁴ As demonstrated herein, AT&T's position is unavailing and ignores the Commission's Rules.

Each of the Independents filed their respective Traffic Sensitive Access Tariffs at issue pursuant to both Section 61.39 of the Commission's Rules⁵ and the Commission's policies and directives found in the Small Company Order.⁶ These filings, which were made on April 2, 1993, are properly based on the historic period ending December 31, 1992. Each Independent's cost allocations and resulting rates are likewise properly based on the Part 36 and Part 69 Rules effective as of December 31, 1992.

The Commission's new GSF rules became effective July 1, 1993.⁷ Pursuant to Section 61.39, it is inappropriate for the Independents

³ See generally In the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, Report and Order, CC Docket No. 92-222, released May 19, 1993 (GSF Order). One of the issues which is raised in the instant proceeding is whether tariff revisions required by certain companies, as a result of the GSF Order, established rates based on a proper allocation of GSF costs under the new GSF rules. See generally, In the Matter of 1993 Annual Access Tariff Filings, et al., Memorandum Opinion and Order Suspending Rates and Designating Issues for Investigation, CC Docket Nos. 93-193, 93-123, and 93-129, DA 93-762, released June 23, 1993 (Suspension Order).

⁴ See AT&T Opposition at 36.

⁵ See 47 C.F.R. Section 61.39.

⁶ See generally In the Matter of Regulation of Small Telephone Companies, Report and Order, CC Docket No. 86-467, 2 FCC Rcd 3811 (1987) (Small Company Order).

⁷ See GSF Order at para. 21 ("IT IS FURTHER ORDERED, that the rule as amended SHALL BE EFFECTIVE on July 1, 1993").

to make adjustments to the development of their rates on the basis of changes to the Commission's Rules which become effective subsequent to the historic period upon which their rates are based. The Independents did not "ignore" the GSF Order - they appropriately determined that changes in allocation rules can not arbitrarily be applied to the historic period upon which their Traffic Sensitive (TS) rates are based.

The Independents submit that the adoption of the Section 61.39 Rules themselves, and the continued viability of the utilization of historical periods as an administratively efficient basis for rate development pursuant to the Small Company Order,⁸ demonstrates that the Independents can not and should not make tariff revisions based on the GSF Order to their individual Traffic Sensitive Tariffs effective on July 1, 1993. The Small Company Order and the Section 61.39 Rules require the Independents to make these adjustments when determining the cost of service for the appropriate historic period upon which their next biennial filing will be based.

Contrary to the Section 61.39 Rules and the policies established in the Small Company Order, AT&T argues that the Independents should have adjusted their TS rates. It is interesting to speculate whether AT&T would have argued that companies filing under the Part 61.39 Rules can make adjustments to their rates based on allocation rules adopted after the historic

⁸ The Commission has already noted this fact in this proceeding by dismissing previous challenges made by AT&T to various Section 61.39 companies. See Suspension Order at para. 74.

rate base period if the adjustment resulted in a rate increase. The Independents are not aware of any instance where AT&T has made any such argument. For example, AT&T never argued that the Dial Equipment Minutes of Use Factor transition set forth in Section 36.125 of the Commission's Rules should have been applied prospectively to historic costs utilized for Section 61.39 tariff filings. Adoption of the AT&T position in this proceeding would amount to an endorsement of an arbitrary right for AT&T to pick and choose when the Commission's policies should and should not be applied.

AT&T contends alternatively that NECA should adjust the carrier common line (CCL) requirements of the Independents, each of which participates in the NECA carrier common line pool. AT&T seeks a reduction in the CCL revenues of the Independents to reflect the amount by which AT&T alleges the Independents should have reduced their TS rates.⁹ AT&T's reasoning in support of its desire for rate reductions ignores the facts. The Independents' TS rates are based on a historical period while the CCL revenue recovery is based on a prospective period.¹⁰

Granting AT&T's requested relief will effectively deny the Independents recovery of their CCL revenue requirement developed in accordance with the Commission's Rules. AT&T has inappropriately

⁹ See AT&T Opposition at 36-37.

¹⁰ To the extent that any Independent may have desired to develop CCL rates based on a historic period, the Independents note that such rate development is forbidden under the Commission's currently effective Rules.

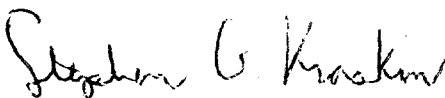
attempted to match TS rates based on a historic period pursuant to the Section 61.39 Rules with a CCL revenue requirement based on the Section 61.38 Rules. The Commission should not endorse AT&T's attempt to end run the Section 61.39 Rules and underlying policies in order to serve AT&T's interests - these policies and Rules were adopted to serve the public interest. Accordingly, the Commission should deny the relief requested by AT&T and dismiss the AT&T Opposition.

Respectfully submitted,

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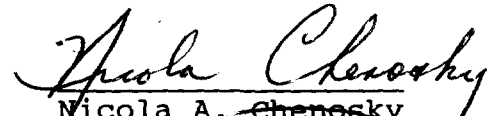
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Date: September 10, 1993

CERTIFICATE OF SERVICE

I, Nicola A. Chenosky, do hereby certify that on this 10th day of September, 1993, a copy of the foregoing Rebuttal in CC Docket No. 93-193 was mailed by first class United States mail, postage prepaid, to the parties listed below.


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